ASSOCIATION OF HOME APPLIANCE MANUFACTURERS

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Testimony
of
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on behalf of
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Before the
Joint Committee on Environment
Connecticut General Assembly

Hearing on HB 7295
Concerning a Recycling Program for Paper and Packaging and Requiring Certain Municipal Solid Waste Management Goals

March 11, 2019

Co-Chairs Cohen and Demicco, Vice Chairs Kushner and Gresko, Ranking Members Miner and Harding, and members of the Committee, thank you for the opportunity to provide testimony on HB 7295, which seeks to establish a state-wide packaging and paper recycling program in Connecticut. For the reasons provided below, the Association of Home Appliance Manufacturers (AHAM) strongly opposes this bill.

AHAM represents manufacturers of major, portable and floor care home appliances, and suppliers to the industry. AHAM's membership includes over 150 companies throughout the world. In the U.S., AHAM members employ tens of thousands of people and produce more than 95% of the household appliances shipped for sale. The factory shipment value of these products is more than $30 billion annually. The home appliance industry, through its products and innovation, is essential to U.S. consumer lifestyle, health, safety and convenience.

A State-by-State Approach Would Negatively Impact the Recycling System in Connecticut

Connecticut established a Task Force to Study Methods for Reducing Consumer Packaging that Generates Solid Waste in 2016. The Task Force released its recommendations in February 2018 after a year of stakeholder meetings, expert testimony, and public comments. The final recommendations did not recommend product stewardship as a means of reducing consumer packaging that generates solid waste with concerns over the creation of a recycling monopoly through a product stewardship organization, pushing Connecticut recycling firms out of business and forcing higher costs on the collection and recycling system as a whole. AHAM is strongly cautious of a state-by-state approach especially for packaging material which is a much larger, more complex waste stream with a significant number of responsible producers.

EPR is Not a Proven Solution to Waste Management Challenges

AHAM understands that the intent of managing packaging in the state. While this bill's result would likely reduce costs to municipalities, there is no offsetting reduction in governmental taxes and fees for waste and recycling. In practice, however, where these programs have been adopted in other countries, what we have seen is that the municipalities or other solid waste and recycling entities continue to charge the public the same amount for their services as they did prior to implementation of an EPR program. Therefore, there is no actual shift in financial responsibility to the producer. Instead, absent any offsetting reductions in their municipal solid waste and recycling fees, consumers are caught in the middle and often wind up paying more. To make matters worse, the increased costs from EPR programs actually create a disincentive for achieving greater energy savings and other potential benefits. The cost increase from EPR could deter consumers from purchasing new appliances, which are more energy and water efficient, and more sustainable.

In addition, EPR attempts to insert a product manufacturer into the recycling stream, but the manufacturer has limited ability to influence consumer behavior regarding recycling or to change municipal waste policies that can drive greater recycling. In reality, EPR often results in a hidden new tax to consumers that is by and large used to pay for the operation of a stewardship

organization, substantial manufacturer compliance and reporting costs, and the government agency that is providing oversight. In Canada, packaging programs exist in various provinces, with manufacturers having to comply with each program that varies in scope. This is very costly to both manufacturers and to residents. Ontario and British Columbia (B.C.) have two of the more recognized programs. In Ontario,[1] program costs increased at an annual rate of 8 percent over the past decade, where B.C. program costs rose at a rate 0.2 percent since 2014.[2] Contrary to program costs increases, over the same periods each program's materials recovery rate decreased by 0.1 percent and 1.3 percent, respectively. To be clear, this is the recovery rate and not the recycling rate. They do not know what the recycling rate is. The Ontario program costs more than $110 million and the B.C. program more than $70 million, which consumers indirectly fund.

If the DEEP includes EPR as a possible actionable strategy, then it should be accurately characterized as a new tax or cost on consumers and state that any responsibilities that are removed from the public sector must be accompanied by a corresponding reduction in municipal waste and recycling fees.

Appliance and Their Packaging Should Not Be Included in Any EPR Program

No state has ever mandated an EPR program for appliances -- and for good reason, as predicted recovery rates are often greatly overestimated. The expectations should not be too high for the recovery of products by producers because they are not part of the waste stream of commerce and have no authority over those who are.

Examples of real recovery rates from EPR policies currently exist and there is no need to expend state resources to re-study the issue. The Canadian province of British Columbia (BC), for example, has created a small appliance stewardship program. Although it is in its early stages, the initial recovery rates within BC's EPR-type program are well below 10 percent for most of the products, despite over 100 recycling sites and millions of dollars spent on advertising. Similarly, the European Commission (EC) had to revise its Waste Electrical and Electronic Equipment (WEEE) recycling directive to reduce its goals for recycling rates as the original goal was far too high. But even by revised assessments, the EC was only able to establish a target of 65 percent product recycling by 2016, which clearly falls short of the actual 90 percent recycling rate already being reached in the United States for major appliances. This success was achieved even without inserting a traditional EPR-type program into the recycling process. Furthermore, a UN University Institute for Sustainability and Peace study stated that the 65 percent target was "ambitious" and that compliance is "uncertain." [3] Moreover, a 2008 U.N. University review of

[1] Stewardship Ontario. (2017). 2017 Annual Report. Stewardshpontario.ca
[2] Recycle BC. (2017) Annual Report 2017. Recyclebc.ca
[3] United Nations University Institute for Sustainability and Peace (UNU-ISP), *WEEE recast: from 4kg to 65%: the compliance consequences*, Bonn, March 2010

the WEEE directive states major appliances should not be part of any EPR program, precisely because of the high recycling rate of such appliances.[4]

It is not appropriate to include appliances in an EPR program. Appliances have significantly longer lives than many other consumer products and are often passed on or sold to others for reuse. Packaging for major appliances by and large does not even end up as residential waste or recycling. These products are usually delivered and installed in a home, and the packaging is taken by the delivery agent who then recycles the material that has value. Thus, durable products and their packaging do not enter the waste stream at the rates of some other products as verified by the waste characterization studies and other analysis already performed by DEEP, so they are a very small percentage of waste generation. Some major appliances have life-spans that average 20 years or more.

Many portable and floor care appliances have life-spans that are well above 10 years. These products do not constitute a priority impact on existing solid waste streams because they are such a small part of waste generation and have recyclable material that minimizes the material that ends up in a landfill. Many portable and floor care appliances have valuable metals and other materials that enter the recycling stream through the "general" category of materials. Therefore, it may not be known how much exactly is recycled because there are many smaller products with high value material that are separated out by a waste recycler and processed for return to the base substances.

One source of data that the Joint Committee may find informative is from the U.S. Environmental Protection Agency (EPA). The latest EPA Materials Management Report from the June 2015 Waste Audit indicates that small appliances are only 0.8 percent of solid waste generation. Regarding major appliances, they continue to be recycled in market-based systems at rates above 90 percent because of their high-value metal content and they are generally delivered, installed, and the packaging removed from the home. Therefore, appliances and their packaging do not represent a major component of the solid waste stream and should not be within the scope of this Strategy.

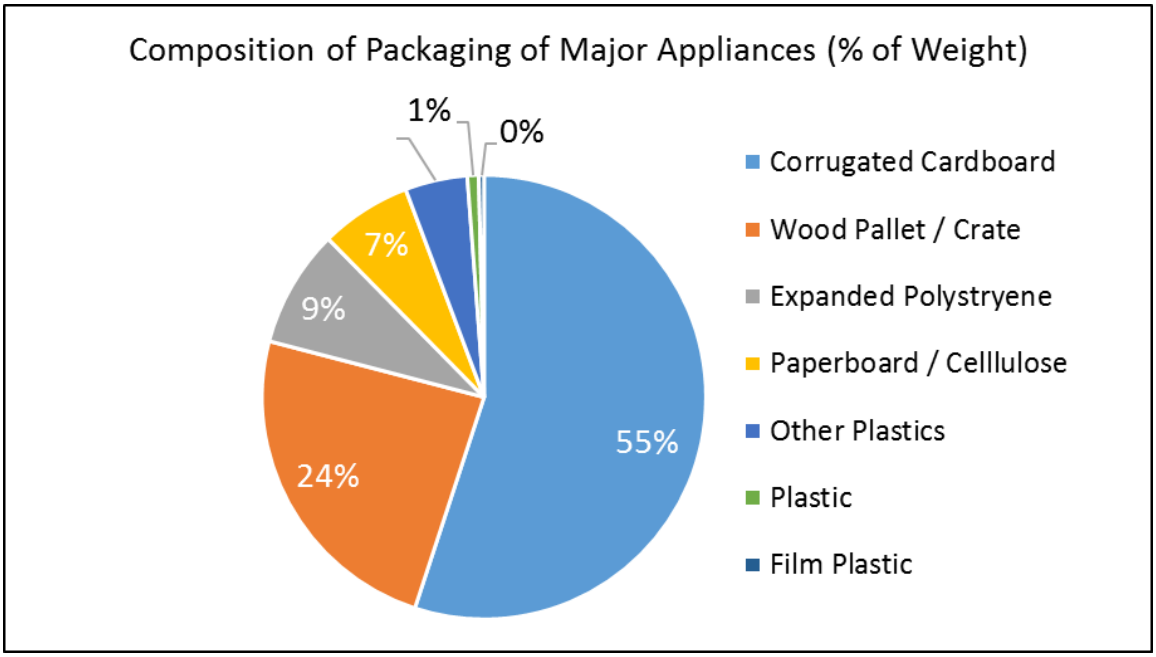
It is also important to note that even though appliance packaging is a minimal portion of the waste or recycling tonnage, this packaging also is comprised mostly of paper and wood, materials that are highly recyclable. A study done on appliance recycling by Burns and McDonnell dismantled packaged appliances and analyzed their material composition.[5] This study found the following results for major appliance packaging:

- 55% was corrugated cardboard
- 24% was wood pallets / crates
- 9% was expanded polystyrene

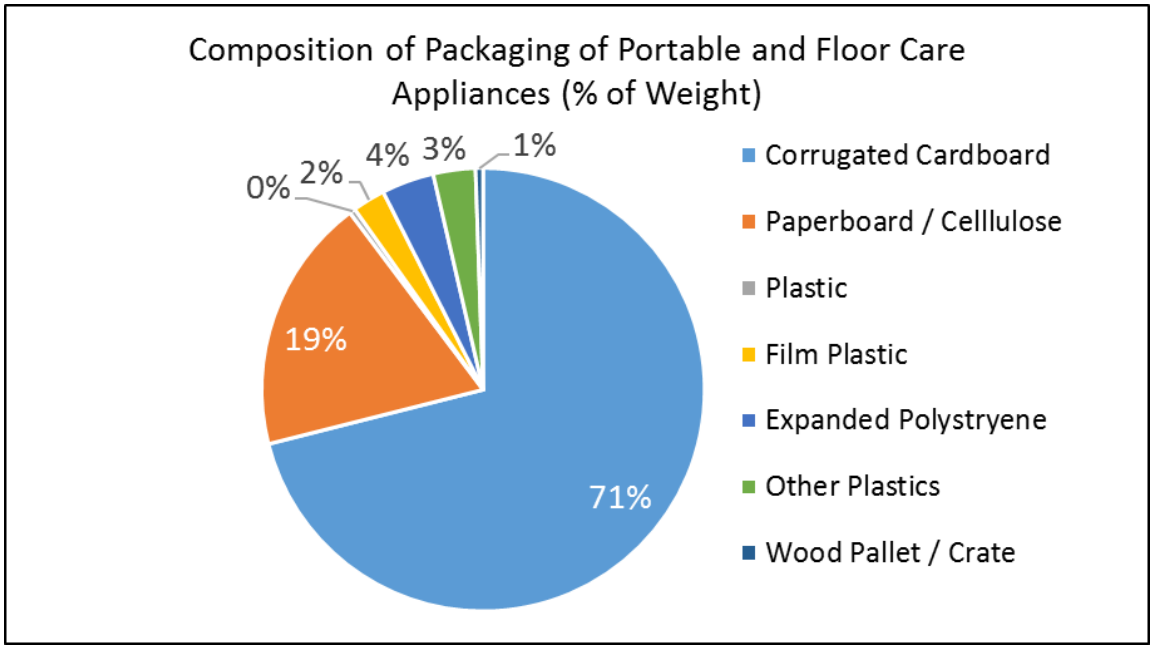
[4] United Nations University, *2008 review of Directive 2002/96 on Waste Electrical and Electronic Equipment (WEEE)*, August 2007

[5] Burns & McDonnell Engineering Company, Inc., *Analysis of Appliance Recycling in the U.S. and Canada* , July 2017

- 7% was paperboard / cellulose
- 6% was other plastics



Regarding portable and floor care appliances, Burns and McDonnell found the following composition of packaging material:



The report also found that most U.S. and Canadian local governments surveyed for the study indicated that residents and businesses have access to recycling programs for the packaging materials used in appliances. Of the 37 surveyed local governments, 89% indicated they have

recycling programs to process the materials listed above. The below table identifies what materials local government recycling programs support.

Packaging Material	Local Government Recycling Can Process (percentage)
Corrugated Cardboard	89%
Paper / Paperboard	84%
Other Plastics	70%
Film Plastic / Shrink Wrap	24%
Polystryene	16%

Therefore, because EPR recovery rates are greatly overestimated, and appliances do not contribute significantly to the waste or recycling tonnage and the material in appliance packaging is mainly recyclable material, there is no need to include appliances in any potential study of paper and packaging EPR program. The recycling objectives of such programs are already being achieved in the absence of EPR requirements.

Producers May Not Have Data on Where Products Are Ultimately Sold and Used

Producers may or may not have control or information pertaining to how products move through various distribution networks. For example, an appliance manufacturer that ships products to a trade partner distribution center likely is unable to determine the location of final product sale and use. In such situations, a producer would only be able to report on products shipped to Connecticut that may ultimately be sold and used out-of-state. This would be a major disincentive for maintaining and locating new distribution facilities in the state of Connecticut and could lead to sales data that does not accurately reflect what is sold to Connecticut consumers.

Conclusion

Manufacturers of consumer products need flexibility in choosing appropriate materials for packaging their products to avoid situations that cause product breakage and damage during transport (which ultimately increases the lifecycle impact of the product) as well as to deter theft of smaller, high value electronics from retail establishments. HB 7295 would increase costs for the industry thereby limiting the available resources for companies to invest in innovative and sustainable packaging solutions. The current system for appliances and appliance packaging works, and it should be allowed to continue on its successful path. AHAM appreciates the opportunity to provide comments on HB 7295 and urges the Joint Committee on Environment to oppose the bill. AHAM appreciates the opportunity to comment on the HB 7295, and I would be glad to answer any questions.